



Report to the Auburn Urban Development Authority

Action Item

Agenda Item No. **3**

[Signature]
City Manager's Approval

To: Chair and Board Members, Auburn Urban Development Authority
From: Robert Richardson, Executive Director
Andy Heath, Administrative Services Director
Date: January 23, 2012
Subject: Auburn Urban Development Authority - Amended and Updated
Enforceable Obligation Payment Schedule – AB 1x 26

The Issue

Shall the Board of Directors authorize the amended Enforceable Obligation Payment Schedule prepared for the Auburn Urban Development Authority consistent with requirements outlined in AB 1x 26?

Summary

In accordance with Health and Safety Code Section 34169, added by Assembly Bill 1x 26, the Auburn Urban Development Authority (“AUDA”) adopted an Enforceable Obligation Payment Schedule (“EOPS”) in August 2011, which serves as the basis for the payment of AUDA’s outstanding financial obligations. Section 34169 allows that the EOPS may be amended at any public meeting of the AUDA.

Background

The AUDA was created by the City Council for the purposes of implementing redevelopment activities in the City. The City Council adopted the Redevelopment Plan for the Auburn Project in accordance with the Community Redevelopment Law (Health and Safety Code § 33000 *et seq.*) (“CRL”). The Auburn Redevelopment Project Area was found to have a significant number of physical and economic blighting conditions that necessitated adoption of the Redevelopment Plan. The Redevelopment Plan authorizes AUDA to receive tax increment revenue to pay for programs and projects that address these conditions consistent with the CRL.

In January, 2011, the Governor announced his intent to eliminate redevelopment agencies as a way to help balance the State budget. The Legislature then enacted, and the Governor signed, Assembly Bill 1X 26 and Assembly Bill 1X 27, which took effect on June 29, 2011.

AB 1X 26 immediately suspended all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies effective October 1, 2011. AB 1X 27 allowed a city or county that had a redevelopment agency to avoid dissolution by adopting an ordinance agreeing to make specified payments to reduce the State budget deficit.

A Petition for Writ of Mandate was filed in the Supreme Court of the State of California on July 18, 2011 (*California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861), challenging the constitutionality of AB 26 and AB 27 on behalf of cities, counties and redevelopment agencies and requesting a stay of enforcement. On August 11, 2011, and August 17, 2011, the Supreme Court stayed portions of AB 1X 26, and stayed AB 1X 27 in its entirety during the pendency of the matter.

The portion of AB 1X 26 that was not stayed required that redevelopment agencies prepare and file an Enforceable Obligations Payment Schedule in August, 2011.

On December 29, 2011, the Supreme Court issued its final decision in the aforementioned litigation, upholding AB 1X 26, invalidating AB 1X 27, and extending all statutory deadlines under AB 1X 26, essentially dissolving all redevelopment agencies throughout the State effective February 1, 2012. Due to these extensions, AUDA must update the EOPS to reflect payments for Enforceable Obligations prior to the effective date of the Recognized Obligation Payment Schedule of May 1, 2012.

Analysis

AB 1X 26 suspended all new redevelopment activities and incurrence of indebtedness by terminating virtually all otherwise legal functions of AUDA and mandating a liquidation of any assets for the benefit of local taxing agencies. Some debts are allowed to be repaid, but any such remittances are to be managed by a successor agency, that would function primarily as a debt repayment administrator. The successor agency cannot continue or initiate any new redevelopment projects or programs. The activities of the successor agency will be overseen by an oversight board, comprised primarily of representatives of other taxing agencies, until such time as the remaining debts of the former redevelopment agency are paid off, all AUDA assets liquidated and all property taxes are redirected to local taxing agencies.

Under Health and Safety Code Section 34169, the EOPS must list all of the “enforceable obligations” of AUDA, and is subject to approval by the Department of Finance. “Enforceable obligations” include: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency, including agreements to purchase or rent office space, equipment and supplies.

Section 34169 allows that the EOPS may be amended at any public meeting of the Auburn Urban Development Authority. The AUDA adopted an EOPS in accordance with AB 1X 26, and now desires to amend the EOPS to include all of the current enforceable obligations of AUDA.

Alternatives Available to Council; Implications of Alternatives

1. By **RESOLUTION**, adopt the Amended Enforceable Obligation Payment Schedule attached hereto as Exhibit "A" as required by AB 1x 26.
2. Do not adopt a resolution and provide direction to staff. As the Successor Agency to the AUDA, the City of Auburn is required to submit an Enforceable Obligation Payment Schedule to the appropriate authorities.

Fiscal Impact

None at this time.

Exhibit A – Amended Enforceable Obligation Payment Schedule

AUDA RESOLUTION NO. _____

**A RESOLUTION OF THE AUBURN URBAN DEVELOPMENT
AUTHORITY AMENDING ITS ENFORCEABLE OBLIGATION
PAYMENT SCHEDULE PURSUANT TO AB 1X 26**

WHEREAS, in compliance with AB 1X 26, enacted by the California State Legislature and the Governor signed as part of the 2011-2012 State budget bill, the Auburn Urban Development Authority (“AUDA”) adopted an Enforceable Obligation Payment Schedule (“EOPS”) to allow AUDA to make on debts and obligations listed on the EOPS; and

WHEREAS, Health and Safety Code Section 34169, added as part of AB 1X 26, allows that the EOPS may be amended at any public meeting of AUDA; and

WHEREAS, AUDA now desires to amend the EOPS to include all of the current enforceable obligations of AUDA;

**NOW, THEREFORE, THE AUBURN URBAN DEVELOPMENT AUTHORITY
DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. Amendment of EOPS. AUDA hereby amends the Enforceable Obligation Payment Schedule, as set forth in the Amended Enforceable Obligations Payment Schedule attached hereto as Exhibit A, as authorized by Health and Safety Code Section 34169.

Section 3. Posting; Transmittal to Appropriate Agencies. The Executive Director is hereby authorized and directed to post a copy of the Amended EOPS on the City’s website. The Executive Director is further authorized and directed to transmit, by mail or electronic means, to the Placer County Auditor-Controller, the State Controller and the Department of Finance, notification providing the website location of the posted Amended EOPS and other information as required by AB 1X 26.

Section 4. Effective Date. Pursuant to Health and Safety Code Section 34169(i), AUDA’s action to amend the EOPS as set forth herein shall not be effective for three (3) business days following adoption of this Resolution, pending a request for review of the Amended EOPS by the Department of Finance.

PASSED AND ADOPTED at a regular meeting of the Auburn Urban Development Authority on the ____ day of January, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Keith Nesbitt, Chair

ATTEST:

Joseph G.R. Labrie, City Clerk

EXHIBIT A

AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

OTHER OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34167 and 34169 (*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						Total
					Jan	Feb	Mar	Apr	May**	Jun	
1) Section 33676 Payments	Placer County	Payments per former CRL 33676	3,143,000.00	63,000.00					63,000.00		\$ 63,000.00
2) Section 33676 Payments	Auburn Cemetery	Payments per former CRL 33676	163,000.00	3,300.00					3,300.00		\$ 3,300.00
3) Section 33676 Payments	Auburn Park	Payments per former CRL 33676	636,000.00	12,800.00					12,800.00		\$ 12,800.00
4) Section 33676 Payments	Placer Elementary	Payments per former CRL 33676	2,284,000.00	45,800.00					45,800.00		\$ 45,800.00
5) Section 33676 Payments	Placer High	Payments per former CRL 33676	1,995,000.00	16,300.00					16,300.00		\$ 16,300.00
6) Section 33676 Payments	Sierra College	Payments per former CRL 33676	813,000.00	16,000.00					16,000.00		\$ 16,000.00
7) Section 33401 Payments	County Library	Payments per former CRL 33401	2,480,000.00	69,000.00					69,000.00		\$ 69,000.00
8) Section 33401 Payments	County Library	Payments per former CRL 33401	202,000.00	5,000.00					5,000.00		\$ 5,000.00
9) Section 33401 Payments	Auburn Cemetery	Payments per former CRL 33401	134,000.00	4,000.00					4,000.00		\$ 4,000.00
10) Section 33401 Payments	Auburn Park	Payments per former CRL 33401	528,000.00	14,000.00					14,000.00		\$ 14,000.00
11) Statutory Payments	Placer County	Payments per CRL 33607.5 and .7	1,812,000.00	0.00					0.00		\$ -
12) Statutory Payments	County Library	Payments per CRL 33607.5 and .7	90,000.00	0.00					0.00		\$ -
13) Statutory Payments	Auburn Cemetery	Payments per CRL 33607.5 and .7	94,000.00	0.00					0.00		\$ -
14) Statutory Payments	Auburn Park	Payments per CRL 33607.5 and .7	367,000.00	0.00					0.00		\$ -
15) Statutory Payments	Placer Resource Conserv	Payments per CRL 33607.5 and .7	6,000.00	200.00					200.00		\$ 200.00
16) Statutory Payments	Auburn Elementary	Payments per CRL 33607.5 and .7	1,910,000.00	1,000.00					1,000.00		\$ 1,000.00
17) Statutory Payments	Placer High	Payments per CRL 33607.5 and .7	1,668,000.00	1,000.00					1,000.00		\$ 1,000.00
18) Statutory Payments	Sierra College	Payments per CRL 33607.5 and .7	680,000.00	200.00					200.00		\$ 200.00
19) Statutory Payments	Office of Ed	Payments per CRL 33607.5 and .7	1,118,000.00	1,000.00					1,000.00		\$ 1,000.00
20) Statutory Payments	City of Auburn	Payments per CRL 33607.5 and .7	362,000.00	1,000.00					1,000.00		\$ 1,000.00
21) Statutory Payments	Placer Water	Payments per CRL 33607.5 and .7	6,000.00	100.00					100.00		\$ 100.00
22) SB 2557 Collection Costs	County of Placer	Taxroll Collection Costs (estimated)	700,000.00	12,125.00					12,125.00		\$ 12,125.00
23) 20% Low/Mod Housing Transfer	Auburn Housing Fund										\$ -
24)											\$ -
25)											\$ -
26)											\$ -
27)											\$ -
28)											\$ -
Totals - Other Obligations			\$ 14,739,000.00	\$ 249,200.00	-	-	-	-	\$ 249,200.00	-	\$ 249,200.00

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late 1/31/2012. It is valid through 06/30/2012. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 03/01/12. (The draft ROPS must be prepared by the Successor Agency by 03/01/12.)

** All payment amounts are estimates